

Owner Responsibilities Checklist

The following checklist summarizes your primary responsibilities as the property owner and borrower in the HOME Rental Rehabilitation Program. The page numbers refer to the sections in the 2009 HOME Rental Rehabilitation Owner's Manual where detailed descriptions of the requirements may be found. The Property Owner is responsible for reading and complying with the 2009 Owner's Manual in its entirety.

Please note that as the property owner and borrower, you are responsible for all actions of your agents that affect compliance with the program's requirements. Your agents include, but are not limited to, realtors, management agents, and maintenance workers. **Failure to comply with requirements can have significant financial costs to you, including immediate repayment of the loan.**

Please read and initial each section. If selected, I/we, the applicant(s) for HOME funds, hereby certify to comply with the following:

_____ **(1) Rent HOME Units Only to Households with Eligible Incomes**

Tenants occupying HOME-assisted units must be eligible based upon their gross annual household income. Please refer to pages 13 through 20 in Chapter 4 of the Owner's Manual for more detail on income and rent limits.

_____ • **Initial Documentation: Tenant Surveys and Income and Asset Verification:**

Before loan commitment, collect Tenant Surveys for existing and new tenants. For each tenant household, verify income and assets using third party verification or a review of source documents, and certify the tenant survey. Submit a copy of all documents to the local administrator and report the data to Minnesota Housing. At project completion and throughout the Effective Period, complete this process for each new HOME household, and regularly submit tenant data to Minnesota Housing (pages 14-15 in Chapter 4).

_____ • **Annual Recertification:** Each year on the anniversary of the previous certification or recertification, obtain a new Tenant Survey from existing tenants to recertify income, rent, and household size. It is not necessary to verify income at recertification. Submit the updated data to Minnesota Housing. At recertification, if a household's income has increased above HOME program limits, refer to the Owner's Manual to avoid defaulting on your loan (page 16 in Chapter 4).

_____ **(2) Maintain Rents Below the Applicable HOME Rent Limits**

Rents for HOME-assisted units must be maintained at or below the applicable HOME Rent limits during the Effective Period. Rent includes rent paid by the tenant, a utility allowance for any utilities the resident is responsible to pay, plus any rental assistance or rent subsidy. Rent increases cannot violate lease terms and, if more than 5% require the prior written approval of the local administrator or Minnesota Housing. See page 13 in Chapter 4 for HOME Program Rent Limits.

_____ **(3) Construction Considerations**

_____ • The HOME Program can only fund rehabilitation costs attributed to your HOME eligible units (pages 11, 12 and 17-20 in Chapter 4).

_____ • If your project has 12 or more HOME-assisted units, federal Davis-Bacon labor standards apply (Chapter 10).

- _____ • This program falls under the Uniform Relocation Act. Tenant displacement will result in your HOME loan being in default. Follow the procedures in Chapter 12 to avoid tenant displacement.

_____ **(4) Maintain Property According to Housing Quality Standards**

- _____ • **Inspections:** The local administrator or Minnesota Housing is required to periodically inspect your property during the Effective Period to ensure it continues to meet Housing Quality Standards. If deficiencies are found, you must immediately take action to correct the noncompliance (Chapter 7).
- _____ • **Lead Requirements:** If your property was built before 1978 and you do not have a lead inspection that verifies the property contains no lead-based paint, you must:
- (a) annually and at unit turn-over, provide for a visual assessment of paint in units and common areas by qualified personnel; and
 - (b) provide ongoing paint maintenance by qualified personnel (Chapter 8).
- _____ • When renting a unit built before 1978, you must provide evidence that each HOME household has been given a copy of the "Lead Warning Statement" required by federal regulations (page 58 in Chapter 13).

_____ **(5) Preservation of Rental Assistance**

If you receive project-based federal assistance, you will be required to sign a document which prevents you from opting-out of federal rental assistance contracts for as long as the rental assistance is offered (page 6 in Chapter 3).

_____ **(6) Leasing Units**

- _____ • Affirmatively market vacant units. If the project has 5 or more units, the local administrator will help you develop and implement an Affirmative Fair Housing Marketing Plan (pages 45-47 in Chapter 9).
- _____ • Do not use prohibited lease terms and conditions (page 56 in Chapter 13).
- _____ • Use required tenant selection criteria (page 57 in Chapter 13).

_____ **(7) Long-term Servicing of Your Loan**

- _____ • Minnesota Housing will not subordinate its Declaration of Covenants, Conditions, and Restrictions during the Effective Period unless proceeds are used for the benefit of the property. (page X in Chapter 3)
- _____ • Partial Releases of Mortgage are considered on a case by case basis (page 24 in Chapter 5 for Forgivable Loans; page 29 in Chapter 6 for Deferred Loans).

_____ **(8) Retain Records**

Documentation of HOME eligibility, including all verifications and Tenant Surveys must be maintained in tenant files by unit and made available to the Local Administrator or Minnesota Housing upon request. The Local Administrator or Minnesota Housing is required to perform periodic inspections of tenant files and other pertinent documentation. Tenant records must be retained for five years after the end of the Effective Period.

Failure to comply with the above requirements, failure to correct noncompliance and/or refusal of inspections will cause the property to be in default and may require immediate repayment of the loan.